

Message Text

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ACTION AID-05

INFO OCT-01 EUR-12 ISO-00 SP-02 EB-07 NSC-05 CIEP-01

TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00 COME-00

FRB-03 INR-07 NSAE-00 USIA-06 XMB-02 OPIC-03 LAB-04

SIL-01 L-03 H-02 AF-06 ARA-06 EA-07 NEA-10 FEAE-00

IO-10 /124 W

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R 251710Z NOV 75

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 5515

LIMITED OFFICIAL USE SECTION 01 OF 02 PARIS 30715

E.O. 11652: N/A

TAGS: EFIN, EAID

SUBJECT: IDA V REPLENISHMENT

SUMMARY: AT FIRST IDA V REPLENISHMENT MEETING WORLD BANK MANAGEMENT CALLED FOR A DISCUSSION OF THE UNDERLYING PRINCIPLES OF MAGNITUDE OF THE REPLENISHMENT TARGET AND OF ISSUES WHICH SHOULD BE CONSIDERED DURING THE COURSE OF THE NEGOTIATIONS. SUBSEQUENT DISCUSSION SHOWED THAT A NUMBER OF MAJOR DONORS (GERMANY, U.S., FRANCE, JAPAN, CANADA) HAVE DOUBTS ABOUT THE BANK'S PROPOSED TARGET OF OBTAINING CONTRIBUTIONS FROM ALL DONORS (INCLUDING OPEC) WOULD DOUBLE IDA V IN NOMINAL TERMS OVER IDA IV (\$9 BILLION). NUMEROUS TOPICS FOR DISCUSSION WERE SUGGESTED INCLUDING BURDEN SHARING, TIMING OF PAYMENTS, MAINTENANCE OF VALUE, CHANGES IN VOTING PROCEDURES TO ACCOMMODATE OPEC AND THE PART II MEMBER, RECIPIENT COUNTRY ECONOMIC PERFORMANCE, LENDING POLICIES OF THE IDA, ETC. NONE OF THE POTENTIAL OPEC DONORS PRESENT GAVE A CLEAR INDICATION THAT THEY ARE PREPARED TO SUPPORT IDA IN A SUBSTANTIAL WAY. THE LIMITED OFFICIAL USE

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NEXT MEETING IS TENTATIVELY SCHEDULED FOR LATE

FEBRUARY

1. OPENING THE MEETING PETER CARGILL, WORLD BANK VICE PRESIDENT, SET OUT THE BANK'S PROPOSED SCHEDULE FOR NEGOTIATING AN AGREEMENT BY EARLY NEXT SUMMER. HE CALLED FOR DISCUSSION OF THE UNDERLYING PRINCIPLES OF THE BANK'S TARGET FOR THE REPLENISHMENT AND OF THE ISSUES CONCERNING THE REPLENISHMENT AND IDA OPERATIONS WHICH USED TO BE CONSIDERED DURING THE NEGOTIATIONS. GOING BEYOND THE PAPER PREPARED FOR THE MEETING WHICH MENTIONED \$7.8 MILLION FROM TRADITIONAL DONORS, CARGILL PROPOSED A TARGET OF \$9 BILLION.

2. IN THE TOUR DE TABLE WHICH FOLLOWED, ONLY THE UNITED KINGDOM AND THE NETHERLANDS AMONG THE MAJOR DONORS GAVE UNQUALIFIED SUPPORT TO THE BANK'S PROPOSAL. CANADA, GERMANY, FRANCE, JAPAN, AND THE U.S. EXPRESSED VARYING DEGREES OF DOUBT ABOUT THE AMOUNT SUGGESTED BY THE BANK PREFERRING TO LEAVE THE QUESTION OPEN. THE JAPANESE INTERVENTION WAS NOTEWORTHY FOR THE UNUSUALLY BLUNT FASHION IN WHICH THE DELEGATE OBJECTED TO THE PROPOSED SIZE AND RAISED A NUMBER OF ISSUES FOR CONSIDERATION SUCH AS RECIPIENT COUNTRIES ECONOMIC

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ACTION AID-05

INFO OCT-01 EUR-12 ISO-00 SP-02 EB-07 NSC-05 CIEP-01

TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00 COME-00

FRB-03 INR-07 NSAE-00 USIA-06 XMB-02 OPIC-03 LAB-04

SIL-01 L-03 H-02 AF-06 ARA-06 EA-07 NEA-10 FEAE-00

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R 251710Z NOV 75

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POLICIES. ISSUES ON WHICH THE BANK HAS SAID IT WILL PREPARE PAPERS FOR FORTHCOMING MEETINGS INCLUDE: REVISION OF VOTING RIGHTS FOR NEW MEMBERS AND PART II MEMBERS, TIMING OF PAYMENTS, MAINTENANCE OF VALUE LENDING POLICIES OF THE IDA (ESPECIALLY GEOGRAPHIC AND SECTORAL PLANS) AND BURDEN SHARING. BURDEN SHARING WAS SPECIFICALLY BROUGHT UP BY SEVERAL DELEGATIONS. THE JAPANESE, FRENCH AND SWEDES IMPLIED OR STATED THAT THEY WISHED TO REDUCE THEIR SHARE. CANADA AND THE BRITISH CALLED FOR NO SIGNIFICANT CHANGE FROM THE PRESENT FORMULA.

3. OF THE OPEC COUNTRIES PRESENT ONLY KUWAIT SPOKE SPECIFICALLY ABOUT SUPPORTING THE REPLENISHMENT OF IDA. THE UAE DELEGATE MADE GENERAL COMMENTS ABOUT HIS COUNTRY'S ASSISTANCE EFFORTS WHILE THE IRANIAN AND SAUDI REPRESENTATIVES REMAINED SILENT. IN A PRIVATE CONVERSATION WITH U.S. DELEGATION, THE SAUDI OBSERVER DID STATE HIS GOVERNMENT'S WILLINGNESS TO JOIN THE LIMITED OFFICIAL USE

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REPLENISHMENT. VENEZUELA WAS INVITED BUT DID NOT ATTEND.

4. THE MEETING ENDED WITH THE SIZE ISSUE STILL OPEN AND A NUMBER OF POLICY ISSUE PAPERS PROMISED BY THE BANK STAFF. TENTATIVE AGREEMENT WAS REACHED TO HOLD THE NEXT MEETING TOWARD THE END OF FEBRUARY IN LONDON. RUSH

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC ASSISTANCE, LESS DEVELOPED COUNTRIES, FINANCIAL CONTRIBUTIONS, BANK LOANS, DEVELOPMENT LOANS
Control Number: n/a
Copy: SINGLE
Draft Date: 25 NOV 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: KelleyW0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975PARIS30715
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750410-0605
From: PARIS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19751111/aaaaajqa.tel
Line Count: 152
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION AID
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: KelleyW0
Review Comment: n/a
Review Content Flags:
Review Date: 29 MAY 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <29 MAY 2003 by ShawDG>; APPROVED <18 NOV 2003 by KelleyW0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: IDA V REPLENISHMENT SUMMARY: AT FIRST IDA V REPLENISHMENT MEETING WORLD
TAGS: EFIN, EAID, IDA
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006